

Soluna Holdings, Inc.

In-line 2Q; Look for Improving Results in 2H and Beyond as New Projects Contribute to EBITDA

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KEY POINTS

- Reported in-line 2Q results.** As expected, revenues of \$2.1 million were down from 1Q23 and 2Q22, as the company shifted to hosting contracts at its data centers rather than proprietary Bitcoin mining where it recognized both higher revenues and costs. G&A expenses declined sequentially and Y/Y from ongoing cost structure rationalization efforts. We note that 2Q23 did include higher legal costs related to the multiple project signings in the quarter.
- Significantly improved balance sheet position.** Cash balance stood at \$7.5 million, up from \$1.1 at YE22 due to inflows from partnerships in new projects along with ongoing cost control measures. In 2Q23, the company extended the maturity of its convertible notes to July 2024 and has been selling off older mining rigs that were used for proprietary mining.
- Contributions from existing projects are expected to ramp up in 2H23 and into 2024.** During 2Q23, Soluna signed a new hosting contract at Project Sophie and also began energizing the initial phases at its flagship Project Dorothy. The 25 MW at Project Dorothy Phase 1A is now fully deployed in a hosting contract with Compass Mining and another strategic miner, while the 25 MW at Phase 1B (a propriety Bitcoin mining JV with Navitas Global) is partially energized with construction almost complete and more than 5,700 miners deployed. The company expects these projects alone to contribute more than \$10 million in annual project-level EBITDA.
- Progressing on the 50 MW Phase 2 at Project Dorothy.** The company noted that it is in discussions with potential partners for the 50 MW Phase 2 of Project Dorothy. Importantly, ERCOT approval has already been received for these 50 MW, making it a very attractive project that is shovel ready and will allow the company to move quickly to monetize its assets as contracts are finalized. Soluna has stated that each 25 MW (100% owned) can contribute \$6-7 million in annual project-level EBITDA.
- The 166 MW Project Kati is gaining investor interest and moving through the ERCOT approval process.** The company is meeting with prospective investors at the project, which we expect will be developed in multiple phases similar to Project Dorothy. The project has already cleared the first of the three required ERCOT interconnection studies in the planning phase. We note that Soluna was selected for Project Kati from more than 20 other players, and in particular the wind farm owners were impressed with Soluna's proprietary Maestro operating software as well as its unique and highly efficient Modular Data Centers that operate without liquid cooling or water.

KEY STATISTICS

Ticker:Exchange	SLNH:NASDAQ
Current Price	\$0.28
52-Week Range	\$0.14-\$3.47
Average Volume (30-Day)	675,537
Shares Outstanding (MM)	35.7
Market Cap (\$MM)	\$10.0
Enterprise Value (\$MM)	\$19.9
Fiscal Year-End	December

PRICE PERFORMANCE



ABOUT THE ANALYST



Graham Mattison

Senior Research Analyst

Graham Mattison brings more than 20 years of experience in equity research, investor relations, and corporate operations, growth, and development. Graham was the Investor Relations Officer for two NASDAQ-listed companies where he led multiple equity raises as well as managed an activist investor campaign, M&A and corporate restructuring, and a NASDAQ delisting and relisting.

Previously, he was a Senior Equity Research Analyst, most recently at Lazard Capital Markets, covering the industrial and cleantech industries. He began his career in Southeast Asia as an Investment Analyst for Daiwa Securities. He was also co-founder of an online residential real estate start-up that developed a web-based auction platform.

Graham received his BA in East Asian Studies with minors in Economics and History from Hobart College and his MBA in Finance with honors from the Thunderbird International Business School at Arizona State University. He is an Investor Relations Charter (IRC) holder from the National Investor Relations Institute.

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